

**Report from the Air Quality Work Group
of the California Partnership for the San Joaquin Valley
December 9, 2005**

The Work Group, comprised of a very diverse group of Valley Stakeholders has met twice, on November 8 and December 8, 2005.

A. Background

- The San Joaquin Valley is one of only two extreme non-attainment zones in the country. The health and economic impacts to the region are very severe.
- The Valley must meet EPA standards by June 15, 2013 or face the loss of billions of dollars of federal transportation dollars and stricter regulation
- The California Air Resources Board and the San Joaquin Air Pollution Control District must deliver a EPA compliance plan by 2007 that will be available for public input at about the time that the Partnership is to deliver its final report in October 2006.

B. Framing of the Issues

- Despite anticipated declines in most emission sources, both CARB and the District believe that based on current regulations and anticipated adoption rate of mitigation technologies, the basin is expected to fall short of the 2013 targets by 50 to 80%.
- That is principally because the Valley has a capacity for pollution that is more constrained by geography and climate than any other major air basin in the United States. It has higher 8-hr. ozone violations than the one other extreme non-attainment zone, the South Coast, despite the fact that the South Coast has 18 times the population density of the Valley.
- Mobile sources are by far the largest contributor to the Ozone problem, representing about 70% of NOx and 34% of ROG.
- Nevertheless, all sources must be addressed if the 2013 targets are to be achieved, particularly those that are currently projected to grow, e.g.:

Emission Source				Change
<i>Annual Average Emissions (Tons per Day)</i>	2005	2010	2015	'05-'15
NOx: Service & Commercial (Boilers-IC Engines)	33.28	35.72	38.93	17%
ROG: Livestock Waste (Dairy Cattle)	39.38	44.98	52.42	33%
ROG: Consumer Products	24.08	26.63	29.09	21%

- Meeting the 2013 targets would be difficult even if the valley was not growing. The fact that the Valley is one of the fastest growing regions in the country makes the challenge that much greater.
- For fifteen years, the Air District has focused principally on 14% of the sources - stationary manufacturing/industrial sources - with adverse effects on competitiveness.
- Technology is available to make step-function improvements in air quality -- particularly on mobile sources. The question is affordability: how do you cause

accelerated adoption of the technology without crippling economic activity in the Valley?

C. Options Considered by the Work Group

- Should the Valley adopt a no-growth policy?
- Should we discourage use of SR-99 and I-5 as through-corridors of commerce?
- Should we constrain growth of economic activity?
- Should we seek deferral of the EPA compliance standards?

All these options have been considered and rejected by the Work Group.

D. Goal Statement adopted by the Work Group

Develop a comprehensive plan to meet 2013 EPA standards that:

- balances regulation, incentives and assistance in consideration of the Valley's limited carrying capacity;
- Involves everyone in the solution;
- Allows for sustainable economic development;
- Includes significant measurable milestones by 2010; and
- Includes an air quality public education and constituency development component.

Consideration should be given in the plan to strategic actions with post-2013 impact that need attention now.

Evaluate the desirability of having the monitoring and coordination responsibility for plan implementation assigned to one government agency.

E. High Impact Initiatives

a. Principal criteria for Selection of High Impact Initiatives

- Relative magnitude and trend line of emission sources
- Timeliness relative to 2013 compliance requirements
- Impact on jobs and economic development
- Efficiency (cost/benefit per ton of pollutants removed)
- Availability of proven technology

b. Priority Ranking of Selected High Impact Initiatives *(Not conclusive -- still under discussion by the Work group)*

More than 20 possible initiatives have been discussed by the Work Group. The highest ranked initiatives, as of December 8, are as follows:

1. Accelerate the replacement/renovation of diesel engines
2. Accelerate the removal of gross polluting vehicles

Strong sentiment was also expressed by the Work Group for the importance of smart growth strategies as a means of reducing air pollution. The Air Quality Work Group would like to urge the Transportation Work Group to consider a recommendation to establish a regional transportation authority. Also, in this connection, strong support was expressed for establishment of an Indirect Source Rule.

F. Funding Mechanisms *(Not conclusive -- still under discussion by the work group)*

More than fifteen possible supplementary funding mechanisms have been discussed to implement the *high impact initiatives*. Some of these involve more active pursuit of currently available funding sources, such as those that might be available under the Farm Bill. The highest ranked funding mechanisms, as of December 8th, are as follows:

1. Increased Carl Moyer funding, with modified eligibility provisions and with more preferential access for the Valley.
2. Inclusion of the San Joaquin Valley North-South Corridors (H-99 and I-5) among the priority projects to be funded under the Goods Movement Plan, with funding aimed not only at reducing congestion but also at reducing air pollution. *The Work Group recommended that the Partnership write a letter to this effect to the appropriate State authorities.*
3. Increased Federal and State incentives for clean energy development & use in the Valley.
4. Establishment of a Valley-Wide Air Quality Empowerment & Enterprise Zone, similar to an economic zone, but with tax credits and low interest loans aimed at capital investments to reduce pollution.

G. Next Steps

Activity	Jan	Feb	Mar	Apr-May	July-Sept
Finalize Selection of High Impact Initiatives	xxxx				
Identify funding mechanisms to implement High Impact Initiatives	xxxx	xxxx			
Flesh out proposed implementation plan		xxxx	xxxx		
Identify strategic actions with post-2013 impacts that need attention now.	xxxx	xxxx	xxxx		
Develop public education plan component	xxxx	xxxx	xxxx		
Solicit public input (Town Hall Meetings)				xxxx	
Finalize recommendation and complete report					xxxx

